EXHIBIT 24

LEXSEE 154 CONG REC H 10712-02

CONGRESSIONAL RECORD -- HOUSE

110th Congress, 2nd Session

154 Cong Rec H 10712

EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

October 3, 2008

REFERENCE: Vol. 154, No. 161

SECTION: House

SPEAKER: Mr. FRANK of Massachusetts; Mr. RANGEL; Mr. McCRERY; Mr. BLUNT; Mr. STARK; Mr. COBLE; Mr. NEAL of Massachusetts; Mr. CAMP of Michigan; Mr. TANNER; Mr. NUNES; Mr. BLUMENAUER; Mr. WAMP; Mr. LEWIS of Georgia; Mr. BRADY of Texas; Mr. KIND; Mr. PASCRELL; Mr. SHERMAN; Mr. CROWLEY; Mr. BACHUS; Mr. BARRETT of South Carolina; Mr. MORAN of Virginia; Mr. COLE of Oklahoma; Ms. ZOE LOFGREN of California; Mr. HENSARLING; Mr. MARSHALL; Mrs. BIGGERT; Mr. KUCINICH; Mr. SCOTT of Georgia; Mr. GARRETT of New Jersey; Mr. DAVIS of Illinois; Mr. DINGELL; Mr. GARY G; Mr. PERLMUTTER; Mr. SHAYS; Mr. PENCE; Mr. KANJORSKI; Mr. RYAN of Wisconsin; Mr. OBEY; Mr. LaTOURETTE; Mr. NADLER; Mr. BARTON of Texas; Ms. EDWARDS of Maryland; Mrs. MUSGRAVE; Mr. HINOJOSA; Ms. KAPTUR; Ms. MOORE of Wisconsin; Mr. PAUL; Ms. WATERS; Mr. DANIEL E; Ms. LEE; Mr. CLYBURN; Mr. PICKERING; Mr. BACA; Mr. FATTAH; Mrs. MALONEY of New York; Mr. SPRATT; Mr. HOYER; Mr. BOEHNER; Mr. KENNEDY; Ms. PELOSI; Ms. HIRONO; Mr. SCOTT of Virginia; Mr. HOLT; Mr. TURNER; Ms. SCHAKOWSKY; Mr. TIAHRT; Mr. LATHAM; Mr. FORTENBERRY; Ms. KILPATRICK; Ms. SPEIER; Mr. WOLF; Mrs. MILLER of Michigan; Mr. STEARNS; Mrs. CAPPS; Mr. GEORGE MILLER of California; Mr. CONYERS; Mr. MOORE of Kansas; Mr. RAMSTAD; Mr. BISHOP of Georgia; Mr. UDALL of Colorado; Mr. HALL of New York; Ms. SCHWARTZ; Mr. UDALL of New Mexico; Mr. VAN HOLLEN; Mr. WELDON of Florida; Mr. FRELINGHUYSEN; Mr. TERRY; Mr. COOPER; Ms. ESHOO; Mr. CHABOT; Mr. EVERETT; Mr. SHUSTER; Mr. FEENEY; Mr. LANGEVIN; Ms. RICHARDSON; Mr. COSTELLO; Mr. ETHERIDGE; Mr. DICKS; Mr. MEEK of Florida; Mr. THORNBERRY; Mr. CARNAHAN

TEXT: [*10712]

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Mr. FRANK of Massachusetts. Madam Speaker, pursuant to House Resolution 1525, I call up from the Speaker's table the bill (*H.R. 1424*) to amend section 712 of the Employee Retirement Income Security Act of 1974, section 2705 of the Public Health Service Act, and *section 9812 of the Internal Revenue Code of 1986* to require equity in the provision of mental health and substance-related disorder benefits under group health plans, and offer the motion at the desk.

This legislation is about protecting people's retirement accounts and pension plans. In the last year, investments have declined by nearly 24 percent, putting the retirement security of millions at risk; I am worried that without this package, they will continue to the downward spiral. This legislation is about making sure that there is enough credit in order for students and families to take out loans to afford to go to college. It is about letting businesses make their payroll. It is about helping people stay in their homes. That is why dozens of groups representing educators, colleges, the homeless, pension managers, and others support this legislation,

I want to make it very clear that I think this legislation is far from perfect-and, like many of my colleagues, I would have written a very different bill. However, I believe that Monday demonstrated that we had to act. Years of harmful Republican policies that pushed for deregulation and tolerated an almost total lack of enforcement, and a misguided philosophy that insisted that an unregulated market can heal all ills, have now led us to the brink of economic collapse. And I am deeply concerned-and hundreds of economists agree-that the failure to act could lead to a major economic depression.

Again, the rescue plan, while still imperfect, has come a long way from where we began. Instead of giving the President $700 billion with virtually no oversight or safeguards, we require Congressional review after the first $350 billion. And this legislation requires equity sharing, so taxpayers would benefit from future growth in the investments they have bought, and it requires Wall Street to pay back any losses to the Government. We are stopping forms of executive compensation that would encourage executives to take excessive risks, eliminating golden parachutes for executives who take part in the Government program, and cracking down on excessive compensation practices for the first time in history. And we include strong, independent oversight to protect the taxpayer, including two oversight boards to ensure that the Treasury Secretary is acting on good faith, as well as judicial review over the Secretary's actions.

While I would have liked to see the tax provisions paid for by rolling back some of the President's tax cuts to the wealthiest Americans and closing corporate loopholes, there are also important tax fixes that will benefit millions of Americans and small businesses across the country. The legislation provides property tax relief to up to 30 million homeowners-extending a new $1,000 property tax deduction for non-itemizing couples through the end of 2009. It extends the qualified tuition deduction for low- and middle-income Americans. It extends the child tax credit, which will benefit millions of Americans with children age 17 and younger. It extends the Research and Development tax credit, which spurs innovation and job growth in the technology sector. And it extends critical renewable energy and energy efficiency tax credits to help the green economy take shape.

This legislation also contains critical, comprehensive mental health parity legislation that will bring mental health insurance benefits in line with physical benefits. I have not held a health care meeting in my district without the issue of access to mental health care being brought up by my constituents who have faced discrimination or difficulty obtaining affordable care. I am proud that we are continuing Senator Paul Wellstone's legacy by passing a bill that guarantees equal access to mental health and substance abuse treatment. I also want to thank Representatives Patrick Kennedy and Jim Ramstad for their persistence and passion in passing the Paul Wellstone Mental Health and Addiction Equity Act.

There is so much more we should do. I am strongly committed to enacting a second stimulus package that will truly benefit the American people. Today the House enacted 7 weeks of extended benefits for workers who have exhausted regular unemployment compensation, with workers in high unemployment states eligible for an additional 13 weeks of benefits. However, I believe we also need to make investments in our highways, bridges, transit systems, and schools; we need increases in food stamps benefits; and we need a crucial temporary increase in Medicaid payments to States. Studies have shown that those are some of the quickest forms of economic stimulus because those benefits and investments are spent quickly.

This bill represents unfinished business. I will fight my hardest to make sure that we rein in the excesses of corporate America in the next Congress, and to see to it that this crisis does not happen again.

Mr. TIAHRT. Madam Speaker, at the end of the day, I was sent to Congress in November 1994 because the people of the 4th congressional district of Kansas believed in the message of less Government spending, personal and corporate responsibility and lower taxes. Therefore, I remain committed to those who

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sent me here and opposed to the unprecedented power that would be given to the Federal Government through this bill.

Last week, the Treasury Secretary came to Congress with a message: he needed $700 billion and he needed it now. I understand the need to act and the need to act quickly. At that time, however, I stood with my Republican colleagues and opposed the hasty call for an unprecedented blank check to the Federal Government.

Over the weekend, Congress negotiated with the Secretary to work out a better proposal through several non-government based approaches. Some of the provisions I could support but the fact remains that a $700 billion bailout of Wall Street is too much for our taxpayers to bear.

On Monday, I joined with a majority of my Republican and Democrat colleagues to defeat this short-sighted fix that exposed Americans everywhere to long-term debt that could lead to an even greater financial crisis.

Not wanting to be outdone, the Senate quietly inserted over a billion dollars worth of pork: $148 million for wool fabric producers, $2 million for the makers of wooden arrows for children, and a $100 million tax break to benefit NASCAR racetracks. Even Hollywood got a tax break gift worth nearly half a billion dollars.

What was a three-page idea had grown in a week to more than 450 pages.

What it comes down to is that a $700 or $800 billion bailout with voluntary reforms was not a plan I could support. Worse yet, Sec. 112 of the Senate bill, allows foreign financial institutions who hold troubled assets as a result of extending financing to financial institutions that have failed or defaulted on such financing to participate in this massive Government bail-out. What does this mean? Simply, the Federal Government has invited foreign financiers to participate in this bailout on behalf of every American.

However, my decision today to oppose the Senate bill does not come easily. Many of us lost savings. Many employers expressed concerns about access to credit so they could make payroll for their workers. I heard from hard-working Kansans who were concerned about a downsized economy that could force them out of a job.

A quick bailout fix might work for a short time, but it may not be long before we are asked again for more tax dollars. This is evidenced by recent Government bailouts of Bear Stearns, Freddie Mac and Fannie Mae, AIG, and the $25 billion tossed to the auto industry. A quick bailout fix might work for the short term, but without addressing the underlying problems, we will be asked again for more tax dollars.

An economic rescue plan needs to include reforms that tie mortgage broker's commissions to borrowers' timely payments; a mandatory FDIC-type insurance program for entities with troubled mortgages; a suspension of "mark to market" accounting procedures; a temporarily suspension of capital gains taxes; and a permanent, not a temporary increase on FDIC coverage from $100,000 to $250,000 coupled with an increase in premiums so that the statutory obligation of 1.15 percent is met.

The mandatory FDIC-type insurance program would require the Treasury Department to guarantee (losses up to 100%) resulting from the failure of timely payment and interest from mortgage backed securities originated prior to the date of the enactment. Such insurance, I believe, would provide immediate value to the securities and a foundation for which they could then be sold. I am disappointed this provision was not included as a mandatory program.

Furthermore, instead of a Government-driven bailout, I support an alternative where the Government enables and coordinates a greater involvement of private investors. An alternative could be to allow companies to carry-back losses arising in tax years ending in 2007, 2008, or 2009 back 5 years, generating a tax refund and immediate capital.

These are just a few alternative provisions that I believe would be better than merely throwing money at a problem we hope to fix. I want Kansans to go to bed tonight with peace of mind and not worry about their savings. I am ready for this financial turmoil to calm and for us to focus on other important things in our lives. But I could not support a $700 or $800 billion bailout plan that embraces temporary relief while shunning long-term reform that brings lasting stability.

I remain committed to working for a long-term solution with Democrats and Republicans who are willing to put the good of our country ahead of short-term fixes. It's the right thing to do.

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capital each bank needs in order to be properly capitalised according to existing capital requirements. If managements could not raise equity from the private sector they could turn to Tarp.

Tarp would invest in preference shares with warrants attached. The preference shares would carry a low coupon (say 5 per cent) so that banks would find it profitable to continue lending, but shareholders would pay a heavy price because they would be diluted by the warrants; they would be given the right, however, to subscribe on Tarp's terms. The rights would be tradeable and the secretary of the Treasury would be instructed to set the terms so that the rights would have a positive value.

Private investors, including me, are likely to jump at the opportunity. The recapitalised banks would be allowed to increase their leverage, so they would resume lending. Limits on bank leverage could be imposed later, after the economy has recovered. If the funds were used in this way, the recapitalisation of the banking system could be achieved with less than $500bn of public funds.

A revised emergency legislation could also provide more help to homeowners. It could require the Treasury to provide cheap financing for mortgage securities whose terms have been renegotiated, based on the Treasury's cost of borrowing. Mortgage service companies could be prohibited from charging fees on foreclosures, but they could expect the owners of the securities to provide incentives for renegotiation as Fannie Mae and Freddie Mac are already doing.

Banks deemed to be insolvent would not be eligible for recapitalization by the capital infusion programme, but would be taken over by the Federal Deposit Insurance Corporation. The FDIC would be recapitalised by $200bn as a temporary measure. FDIC, in turn could remove the $100,000 limit on insured deposits. A revision of the emergency legislation along these lines would be more equitable, have a better chance of success, and cost taxpayers less in the long run.

[From the Financial Times, Oct. 1st, 2008]

The Rescue Plan: Direct Capital Investments Would Be Better For Both Markets And Taxpayers

(By Lucian Bebchuk)

Most immediate reactions to the defeat of the emergency legislation in the House of Representatives seem to assume that, facing a choice between approval and government inaction that could bring about a financial meltdown, the House irresponsibly and irrationally opted for the latter. But the defeat of this particular bill hardly leaves us with inaction as the only alternative.

The bill was defeated at least partly because of its inability to gather sufficient public support due to its evident flaws. Congress can and should adopt quickly a bill that would address these flaws and consequently enjoy strong public support.

There is widespread recognition of the depth of the crisis and the need for governmental intervention. Why was the bill nonetheless defeated? Because there is an equally widespread recognition that spending $700 billion on purchasing (and insuring) toxic paper would be a highly flawed form of intervention.

During the week preceding the vote, it has become evident that the government's contemplated plans for valuing troubled assets would lead to a quagmire. Opposition to the bill grew due to expectations that purchasing toxic paper could well result in massive complexities, large giveaways, and substantial public losses.

At the same time, recognition has grown that, notwithstanding these large costs, the proposed plan would fail to provide the financial sector with capital infusions that would be as immediate, large, and appropriately targeted as needed. Because the bill would provide financial firms with extra capital largely through overpaying for troubled assets (or under-pricing insurance for such assets), it would provide capital only following the consummation of complex and time-consuming processes and cannot be counted on to supply capital where and when it would be most useful.

Suppose that a financial firm runs into trouble, needs a substantial infusion of capital within days, and is viewed by the government as important to save. Even if the rejected bill were in effect at present, it would not provide the govern-

ment with effective tools to deal with such a situation. For one thing, purchasing the many types of troubled assets the firm may own through the bill's contemplated valuation procedures would require a long delay.

Consider the government's recent infusion of capital into AIG. Facing the risk of AIG's collapse, the government provided $85 billion right away and received in return an agreed upon set of debt and equity instruments. Had the bill passed on Monday and AIG subsequently needed assistance, the funds authorised by the bill might not be usable for such capital infusion by the government. Purchasing the large and highly heterogeneous portfolio of troubled assets owned by AIG through valuation processes would not provide an effective and timely form of intervention.

The passage of the defeated bill thus would not have effectively dispelled the financial markets' worries. To do so, Congress should not reconsider the rejected bill but rather pass an authorization for the treasury to infuse capital into financial firms. The same big, market-reassuring number can be used: $700 billion. But the bill, which I expect to obtain wide public support, should focus on and permit direct capital investment of the authorised funds.

The Treasury's direct capital investments should be guided by the objectives of restoring stability to the financial markets and protecting taxpayers. When a firm is solvent and undercapitalised, the Treasury should insist on getting a set of new capital securities that would provide the government with adequate return on its investment.

In cases in which a firm is insolvent and not merely undercapitalised, the Treasury should still be permitted to make a capital investment if it views the firm's continued operations as necessary to avoid disruption to the financial markets. Taxpayer losses from the legislation would be limited to such cases, and these losses would be kept to a minimum by the government's investing in such cases only on terms effectively enabling it to take over the firm's equity.

It would be perfectly fine for Congress to include authorisation to purchase toxic assets in the adopted legislation. But the bill should not contemplate that such purchases would be a primary form for injecting capital to financial firms, and it should allow such purchases only if they are done at fair market value.

Financial markets should be reassured that the Treasury is equipped with the best tools for addressing distress in financial firms and for shoring up these firms' capital. Congress should move quickly to adopt legislation authorizing the use of $700 billion for infusing capital into financial firms. If it does, Monday's defeat of the proposal to spend $700 billion on purchasing toxic paper might turn into a blessing.

[From The Nation, Sept. 26, 2008]

A Better Bailout

(By Joseph E. Stiglitz)

The champagne bottle corks were popping as Treasury Secretary Henry Paulson announced his trillion-dollar bailout for the banks, buying up their toxic mortgages. To a skeptic, Paulson's proposal looks like another of those shell games that Wall Street has honed to a fine art. Wall Street has always made money by slicing, dicing and recombining risk. This "cure" is another one of these rearrangements: somehow, by stripping out the bad assets from the banks and paying fair market value for them, the value of the banks will soar.

There is, however, an alternative explanation for Wall Street's celebration: the banks realized that they were about to get a free ride at taxpayers' expense. No private firm was willing to buy these toxic mortgages at what the seller thought was a reasonable price; they finally had found a sucker who would take them off their hands-called the American taxpayer.

The administration attempts to assure us that they will protect the American people by insisting on buying the mortgages at the lowest price at auction. Evidently, Paulson didn't learn the lessons of the information asymmetry that played such a large role in getting us into this mess. The banks will pass on their lousiest mortgages. Paulson may try to assure us that we will hire the best and brightest of Wall Street to make sure that this doesn't happen. (Wall Street firms are already licking their lips at the prospect of a new source of revenues: fees from the U.S. Treasury.) But even Wall Street's best and brightest do not exactly have a credible record in asset valuation; if they had done better, we wouldn't be where we are. And that assumes that they are really working for the American people, not their long-term employers in financial markets. Even if they do use some fancy mathematical model to value different mortgages, those in Wall Street have long made money by gaming against these models. We will then wind up not with the absolutely lousiest mortgages, but with those in which Treasury's models most underpriced risk. Either way, we the taxpayers lose, and Wall Street gains.

aneurysm that is beginning to burst and usher in the collapse of our financial markets and take with it many American jobs. The national media have repeatedly spun this dilemma as one that solely afflicts "Wall Street." This is simply not accurate.

Many Americans believe this is a cry of Chicken Little and that it is not their problem, and we should let the markets fail and let the consequences fall as they may. However, if we allow our markets to fail-no one will be insulated from the impact. Our whole economy is underpinned by the availability of credit. Without access to credit, banks fail, businesses are forced to layoff workers or close altogether, and even people with good credit cannot get loans for cars, college, new homes, or other essential needs. We are already seeing that universities are having trouble accessing their funds, municipalities are experiencing losses in property taxes since mortgage banks can not pay on foreclosed homes, and lack of availability of bonds for infrastructure and other local needs. Soon our farmers will be getting ready to start planning for next year's crop-and there is fear they will not have access to the credit necessary to plant next year's crop. We have already seen food prices increase over the last few years, and that pain will have been nothing if farmers do not have the necessary credit.

As a conservative Republican, I believe in a free market and less government intervention. However, these are extraordinary circumstances that will impact all of us. Many Americans might not have felt the effects directly yet and hopefully they will not because of the action being taken today. This legislation includes safeguards to protect taxpayers, not making the total amount of funds available at once, ensuring that there are no golden parachutes, and holding executives accountable.

I cannot leave office taking any position that is counter to the best interest of our Nation. I would have preferred to not have the Federal Government intervention, but failure to act to shore up our economy would allow far greater damage to millions of average Americans and hundreds of thousands of Alabamians. I have been honored to serve the Second District these 16 years and would never have thought one of my last votes in Congress would have been on this type of legislation. Very few things are easy in politics, and I have thought long and hard on this difficult issue, and I believe that voting in favor of the Emergency Economic Stabilization Act is the necessary thing to do.

Mr. SHUSTER. Madam Speaker, this is one of the most difficult and complex issues I have had to deal with in my 8 years in Congress. I am proud of my no vote on Monday against the original rescue plan. My no vote enabled me to push this legislation forward towards an improved and positive bill. This is a different bill. It is an improved bill.

I have pushed as far as I can and we are at the point where the only two directions we can go from here are backwards or nothing. Neither is an option.

I share the anger of my constituents that we have been forced into this economic crisis by Wall Street greed and irresponsible lending by Freddie Mac and Fannie Mae. But we cannot let our anger cloud our judgment.

Over the past 5 days, I have been hearing from more and more of my constituents who are beginning to feel the pain of the economic crisis we are entering. I am convinced that my constituents will feel that pain grow if we do not act, and that pain will be felt in job losses.

Therefore, I have decided to support this economic recovery effort. Make no mistake, this bill is a far better deal for American taxpayers than what was originally brought to the House floor. My colleagues and I fought hard to include additional taxpayer and market driven protections that will restore trust in our banks, including raising the FDIC insurance limit to protect my constituents' bank accounts. My vote is the right decision for my constituents and America, not for political popularity.

Mr. FEENEY. Madam Speaker, I would like to quote Financial Services Chairman Barney Frank, author of this bailout bill, "The free market failed, it's up to government to fix the problem."

It is important that we understand the how we got here in order to address a solution to the problem. Who and what caused the subprime bubbles and the current economic crisis?

Treasury Secretary Alan Greenspan in 2005 said:

If Fannie Mae and Freddie Mac "continue to grow ... they potentially create ever-growing potential systemic risk down the road ... we are placing the total financial system of the future at substantial risk."

During a Financial Services Committee legislative markup on May 24, 2005, the Hensarling/Feeney Amendment was offered to protect taxpayers from crushing bailouts of Fannie Mae and Freddie Mac.

The Hensarling/Feeney Amendment established a new regulator to:

(1) repeal the Congressional charters of Fannie Mae and Freddie Mac

(2) create a bank-like secondary mortgage market, and

(3) establish new charters for limited purpose mortgage securitization entities that could be auctioned off competitively.

I voted YES but the Democrats unanimously voted NO and killed reform and taxpayer protection.

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Why?

Leading Democrat Barney Frank said in 2003:

These two entities-Fannie Mae and Freddie Mac-are not facing any kind of financial crisis.

The more people exaggerate these problems, the more pressure there is on these companies, the less we will see in terms of affordable housing."

After billions in accounting scandals at both Fannie Mac and Freddie Mac, Barney Frank said in 2004:

I don't see anything in your report that raises safety and soundness problems.

I have seen nothing in here that suggests the safety and soundness are an issue. And, I think it serves us badly to raise safety and soundness as kind of a general [inaudible] when it does not seem to be an issue.

Democratic leader Maxine Waters said:

Through nearly a dozen hearings that we were, frankly, trying to fix something that wasn't broke. Mr. Chairman we do not have a crisis at Freddie Mac, and in particular Fannie Mae under the outstanding leadership of Mr. Frank Rains.

I also voted in 2005 to cut off a $2 billion line of credit from U.S. taxpayers to Fannie Mae and Freddie Mac.

Today, the same people who protected the corrupt and out-of-control Fannie Mae and Freddie Mac are proposing a $700 billion bailout of Wall Street speculators.

Barney Frank and other Democratic leaders revised the Community Reinvestment Act in 1995, forcing Fannie Mae and Freddie Mac, and all American lenders to make risky loans to people in poor communities. Loans were given regardless of the borrower's ability to pay!

And, ACORN, a corrupt left wing "community group" engaged in extensive voter registration fraud across this country, was given taxpayer money to extort banks and lenders into making more bad loans.

Taxpayer money was used to browbeat lenders to make non-creditworthy loans.

Since the economic credit crisis began, we were told by Secretary Paulson and Barney Frank that:

1. The $152 billion "stimulus" package would resolve the American economic problem. (I predicted it is a silly "rain dance," having no long term stimulus)

2. The Bear Stearns taxpayer bailout would resolve the credit crisis.

3. The Fannie/Freddie bailout in July would totally resolve the financial crisis and the U.S. Treasury would not have to take over Fannie Mae and Freddie Mac. (I voted no and predict bigger problems for America)

4. The federal government takeover of AIG, the largest insurer in America, would end this global crisis.

The current $700 billion bailout, touted by Treasury Secretary Paulson and Chairman Barney Frank, fixes none of the fundamental structural problems the federal government is responsible for.

Buying troubled assets on Wall Street balance sheets does NOT stimulate American banks on Main Street in Central Florida to increase lending and credit.

It adds short term money, which banks will HOARD, as they are required to increase reserves and make fewer loans to healthy consumers and businesses.

It does NOT privatize Fannie Mae and Freddie Mac.

It does not repeal the community Reinvestment Act.

It creates a huge new bureaucracy which may control lending in America and become the largest leap toward socialism in my lifetime.

What we must do (now or later) to save American freedom and our economy.

1. Stop naked short selling of bank stocks-Predatory investors, including foreigners, sell stocks they don't own to drive down the price of the stock, which they can later buy cheaper and profit.

This kills bank equity and forces banks to stop making loans in order to meet material reserve requirements.

2. Guarantee bank deposits in excess of $100,000 and bank creditors-This will bolster bank share prices and lead to more immediate lending to families and small businesses.

3. Issue guaranteed network certificates in exchange for bank promissory notes-This will get banks to save lending restrictions and give them time to work through the real estate mess.

4. End "mark to market" accounting rules-Banks and institutions that hold packages of securitized mortgages cannot sell those packages because in this environment there are NO buyers. But those mortgages are secured by real estate worth some value, even if it is not 100 percent of the loan value.

These mortgages are not worth zero, just because there is no market to buy them during this crisis. Banks have to count such mortgage holdings as ZERO asset reserves. Every dollar a bank counts as reserves would result in $10 in lending ability today.

Mark these assets at "fair market value."

5. Jump start private purchase of mortgage securities-Don't buy $700 billion in troubled mortgage securities with taxpayer money. have an auction for private investors using private money to make such purchasers. To start buyer activity, grant buyers a zero percent capital gains tax-not the 28 percent tax Senator Obama proposes, but 0 percent.

Most mortgages will be purchased without any taxpayer exposure.

6. Establish a privately funded insurance model for mortgage backed securities-Holders of these securities would pay risk-based premiums to fully fund a guarantee of asset values, without taxpayer exposure.

7. Unleash the American Economy-Immediately pass comprehensive energy policy that will put hundreds of billions of dollars into the American economy overnight.

Congress should pass free trade legislation including agreements with Columbia, Panama, and South Korea to help American exporters.

Without delay, Congress should kill the built-in Democrat tax increases which are scheduled to raise taxes on Florida families by $3,040 a year.

Finally, the Paulson/Frank bailout bill raises the Federal Government's debt to $11.3 trillion-a 26 percent increase. In the less than two years Democrats have controlled Congress, the national debt has jumped over $8,000 for every man, woman, and child in America. Can we afford two more years of that behavior?

Mr. LANGEVIN. Madam Speaker, we are meeting today to again consider the Emergency Economic Stabilization Act-a critical piece of legislation, but one that none of us look forward to voting on. During this difficult economic crisis, I am proud of this Congress for coming together at a crucial moment to reach a bipartisan compromise to rescue not only our financial markets but our entire economy. However, no one is celebrating today about the tough decisions that had to be made.

Over the last two weeks hundreds of Rhode Islanders have contacted my office expressing serious concerns about the proposal and a firm belief that the taxpayers' needs must be a priority. I share their anger and frustration that for far too long, many on Wall Street were given carte blanche to make increasingly risky investments-investments which, in some cases, the firms themselves didn't even fully understand. There is plenty of blame to go around, from Wall Street and mortgage lenders to government regulators and Congress. Unfortunately, the actions of these firms do not take place in a bubble: they are inextricably linked to the every day transactions of every day American families. Our economy is in dire shape and drastic action is needed. If we do not act now, a domino effect could easily trigger major job losses and a significant period of economic downturn with negative consequences not just on Wall Street, but on every street in our country.

This crisis originated with faulty lending practices and the creation of subprime mortgages made to people who often could not afford to pay them back. These subprime mortgages were then pooled together into packages that were transformed into highly-rated securities purchased around the world. The eventual collapse of the subprime mortgage market infected the prime mortgage market, which in turn poisoned the entire financial system. In response, Treasury

Secretary Hank Paulson proposed a plan under which the Federal Government would buy-at a deep discount-so-called "toxic" assets, which currently no one is willing to buy. These assets include home mortgages which have been bundled into such complex packages that there is great uncertainty about their underlying value. Secretary Paulson considers these purchases to be investments by the federal government, which could return a substantial proportion of their value to American taxpayers once the market has settle down.

I recognize the urgency of the situation and understand that Secretary Paulson and all responsible government leaders are trying to ward off even worse outcomes. This year, we have seen the fall of some of the largest investment banks in the world-Bear Stearns, Lehman Brothers, and Merrill Lynch-and the last two standing-Morgan Stanley and Goldman Sachs-last week chose to be switched over to commercial banks, seeking greater protection at the price of greater regulation. Meanwhile, the federal government loaned $85 billion to American International Group, Inc., AIG, the 18th largest company in the world, when it was unable to access credit for its daily operations. On September 26, we also saw the biggest bank failure in our country's history when Washington Mutual collapsed. One week later, Wachovia had been bought out by another bank. Even Bank of America recently decided it would no longer extend new lines of credit to McDonald's franchisees, which have been turning a profit for years and run a clean balance sheet.

When the credit market seizes up at the highest levels, it is not just a problem for Wall

LEXSEE 154 CONG REC H 10702

CONGRESSIONAL RECORD -- HOUSE

110th Congress, 2nd Session

154 Cong Rec H 10702

PROVIDING FOR CONSIDERATION OF SENATE AMENDMENTS TO H.R. 1424, EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

October 3, 2008

REFERENCE: Vol. 154, No. 161

SECTION: House

SPEAKER: Ms. SLAUGHTER; Mr. DREIER; Mr. SHERMAN; Mr. GINGREY; Mr. McGOVERN; Mr. LaTOURETTE; Ms. KAPTUR; Mr. LATHAM; Ms. SOLIS; Mr. BARTON of Texas; Mr. DOGGETT; Mr. PENCE; Mr. KUCINICH; Ms. MATSUI; Mr. HARE; Mr. DeFAZIO; Mrs. McCARTHY of New York; Mr. LANGEVIN

TEXT: [*10702]

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Ms. SLAUGHTER. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 1525 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1525

Resolved, That upon adoption of this resolution it shall be in order to take from the Speaker's table the bill (*H.R. 1424*) to amend section 712 of the Employee Retirement Income Security Act of 1974, section 2705 of the Public Health Service Act, *section 9812 of the Internal Revenue Code of 1986* to require equity in the provision of mental health and substance-related disorder benefits under group health plans, to prohibit discrimination on the basis of genetic information with respect to health insurance and employment, and for other purposes, with the Senate amendments thereto, and to consider in the House, without intervention of any point of order, a single motion offered by the chairman of the Committee on Financial Services or his designee that the House concur in the Senate amendments. The Senate amendments and the motion shall be considered as read. The motion shall be debatable for 90 minutes, with 60 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services, and 30 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means: The previous question shall be [*10703]

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considered as ordered on the motion to final adoption without intervening motion or demand for division of the question.

Sec. 2. During consideration of the motion to concur pursuant to the first section of this resolution, notwithstanding the operation of the previous question, the Chair may postpone further consideration of such motion to such time as may be designated by the Speaker.

The SPEAKER pro tempore (Mrs. Tauscher). The gentlewoman from New York is recognized for 1 hour.

Ms. SLAUGHTER. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from California (Mr. Dreier). All time yielded during consideration of the rule is for debate only. I yield myself such time as I may consume. I also ask unanimous consent that all Members be given 5 legislative days in which to revise and extend their remarks on House Resolution 1525.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. SLAUGHTER. Madam Speaker, H. Res. 1525 provides for the consideration of the Senate amendments to the bill *H.R. 1424*, the Emergency Economic Stabilization Act of 2008. The rule will allow the House to concur in the Senate amendments to this bill and vote on the text of the bill that was adopted in the Senate.

Madam Speaker, today, this body meets under dire circumstances as our great Nation stands on the precipice of the most serious financial crisis since the Great Depression. Our stock market is fluctuating at an alarming rate, and our unemployment rate is soaring. Many of our financial institutions, some of which were deemed too big to fail, have failed or are close to collapse. Credit, even for the most creditworthy, is hard to come by. Our once robust and booming economy is on the brink of disaster, and that is why we have this bill before us today.

Like so many Americans, I have absolutely no interest in bailing out any fat cat executives on Wall Street. I stand firm in my belief and in solidarity with the American people when I say that corporate greed should never be rewarded, but the crisis we're facing today is much bigger than the corporate greed. It's bigger than Wall Street. It reaches beyond the Wall Street titans and directly into the lives of hardworking, middle class Americans.

Our savings-retirement savings, college savings for our children and investments in our future-are all at risk if this industry fails. The financial crisis threatens our ability to get a loan even if we have outstanding credit. The crisis threatens our jobs.

Without decisive action, most experts believe that our economic situation will only grow worse. Credit markets will freeze, and Main Street and all of America will suffer. Families living paycheck to paycheck will see their credit card limits slashed and their interest rates increased. Families won't be able to take out basic home and car loans, and employers may not be able to make their payrolls.

Take, for example, earlier this week when the body failed to pass a previous version of this rescue bill, and the country watched in horror as the Dow Jones plummeted more than 750 points. That dive, that single day in the stock market, cost our economy over $1 trillion, but when the stock market crashed, the majority of the $1 trillion that was lost did not belong to Wall Street giants. It came from the pensions of people who have retired or from people who have frugally worked for their entire lifetimes to save a few dollars for their families' futures.

It is for this reason that Congress must intervene. The bill before us is intended to rescue Main Street. By rescuing the financial institutions, we rescue the jobs, the savings and the ability to get a loan for each hardworking American. However, as we go ahead with this bill, we must be mindful of the road that led us to this crisis. After all, if we don't know what went wrong, how can we make sure it will not happen again in the future?

Like so many Americans, I am deeply disappointed by the Bush administration's reckless deregulation policies that wrecked our once booming economy. This President put incompetent people in charge of the Nation's most critical regulatory agencies. Transparency was lost. Business was allowed to regulate itself, and the total deregulation of the financial services industry ensued.

Securities and Exchange Commission Chairman Cox just recently noted "voluntary regulation does not work." I'll say it doesn't. Looking back in history, we saw that, when deregulation occurred in the last century, it led to bread lines and to Hoovervilles.

President Franklin D. Roosevelt, well acquainted with the havoc wreaked by deregulation, said, "We have always known that heedless self-interest was bad morals. We now know that it is bad economics as well."

President Roosevelt led our Nation through that crisis by regulating the financial industry. However, deregulation proponents have removed FDR's regulations because, for them, big business comes first and knows everything.

That is why, when the administration handed Congress an ultimatum for a $700 billion blank check which lacked the very accountability and transparency that contributed to the problem, Democrat leaders said absolutely not. Over the past 2 weeks, we have insisted that the original rescue package proposed by President Bush and by Secretary Paulson be changed dramatically. As Democrat leaders negotiated plans to rescue the economy, we fought tooth and nail to make sure that any proposal included expanded oversight, transparency and an assurance that taxpayers will be reimbursed in full. That is what the proposal in front of us does today.

We have a three-part plan to reinvest, to reimburse and to reform. We will rescue the troubled credit and financial markets to stabilize and to reinvest in our economy, to insulate hardworking Americans, to reimburse the taxpayers for every dime, and to reform how business is done on Wall Street.

With this bill, we are standing up for all Americans by ensuring that there will be no help for Wall Street without help for Main Street. We are standing up for taxpayers by requiring strong, independent oversight, transparency and accountability for the money spent.

Even the General Accounting Office will be moving into the Treasury Department.

We are standing up for the working Americans by limiting excessive compensation for CEOs. We are standing up for homeowners, basically the crux of what happened here, by requiring the government to steer mortgages in danger of foreclosure to loan workout programs to prevent the foreclosures that are driving down home values all across the country. We are insuring more of the hard-earned money saved by families and by small businesses across America by upping the Federal protection of bank deposits from $100,000 to $250,000.

I am proud to say that three House committees will begin oversight hearings very shortly. In January, with a new Congress and with a new President, we will be ready to reinstate the regulations so cavalierly removed by an administration which believed that the financial industry could regulate itself, leading us to the dire consequences we face today.

Taxpayers should know that we push to ensure that the government receives shares of any company it provides with aid, and after agreeing to rescue AIG from filing for bankruptcy, the government received nearly an 80 percent share in the company. The action was reassuring enough to the market that people are now clamoring to buy AIG assets.

By making sure the government gets shares of companies we aid, we are working to revitalize this industry in a way that will benefit the taxpayers who are funding this rescue. By doing so, the New Direction Congress is standing up for swift action to ensure a more sound economic future for all Americans. We are absolutely committed to doing everything possible to ensure that America keeps working and that government is also working for America.

I reserve the balance of my time.

Mr. DREIER. Madam Speaker, I yield myself such time as I might consume.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. I want to express my appreciation to my very good friend [*10704]

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from Rochester, the distinguished Chair of the Committee on Rules, for yielding me the customary 30 minutes.

Madam Speaker, at this moment, we are beginning the debate on this very, very important package. For the second time this week, this body will consider a plan to unclog our banking system and to unfreeze our credit markets. The plan before us today is similar to the one that failed to pass on Monday but with two very important and key additions.

First, it allows the Federal Deposit Insurance Corporation to insure larger bank deposits, which is absolutely essential for protecting our Nation's small businesses. Second, it extends a number of critical tax credits and protections that will reduce burdens on middle-income Americans, that will increase the use of renewable and alternative energy and, very importantly, that will promote job creation and economic growth for businesses, large and small. These are significant improvements, Madam Speaker, that make this a better bill, but the bill isn't the only thing that has changed since Monday.